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WELCOME BANQUET TOAST

July 14, 1988

Minister Qian, Distinguished Guests:

I am pleased, Mr. Minister, to see here this evening so many eminent people who have worked long and ably to strengthen the relationship between our two countries. Their presence affords me an opportunity not only to recognize their contributions, but also to reflect on the evolution of Sino-American relations and its broader significance.

We live in a time of great promise for the future; a time of great change and challenge. International relationships are changing dramatically as we enter a period of global economic transformation. Former adversaries are turning to political approaches to resolve their differences. Nations long divided by war and revolution are seeking to bridge the chasms of confrontation through dialogue, trade and human contact. And prospects for social development are expanding dramatically as the technologies and production processes of the Information Age make possible new products, new services and new patterns of interpersonal relations. In this transformation, openness is the key: openness to ideas, to human contact, to trade, and to new

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approaches to resolving old problems.

China and the United States have been pace-setters in this process of change. Nearly two decades ago, our nation's leaders embarked on a path of normalization, hoping to resolve long-standing differences through dialogue and the search for common interests. Upon this foundation we have in the course of this decade built what is now a stable and mature relationship that enriches our two peoples through ever-expanding trade, student and scientific exchanges, and on-going contact between our two national leaderships.

The success of our experience is now reflected in the parallel efforts of our two countries to reduce tensions with the Soviet Union. While serious obstacles remain for both of us, from an American perspective we have begun to make some progress in reversing the arms race and moving to create a more stable strategic balance.

The recent U.S.-Soviet INF agreement will now be followed by a broad range of arms control negotiations: on a fifty-percent reduction in strategic arms; on conventional arms reduction in Europe, and on efforts to ban chemical weapons on a global basis. We also look for evidence that the Soviet Union will make

practical contributions to removing sources of tension and resolving long-standing conflicts in Asia. In this regard, your country is seeking elimination of the remaining obstacles in the way of Sino-Soviet relations, a prospect that can be welcomed to the extent that it strengthens an environment of security and stability for all the countries of Asia as they try to focus their energies on national economic construction.

China and the United States have made their own contributions to this more promising international environment. Even as we have moved to negotiate differences, we have also stood firm in the face of aggression. From Afghanistan to Indochina, we have supported peoples determined to resist the imposition of foreign rule and fight for national independence. The Soviets are now withdrawing from Afghanistan. This should be followed by a complete withdrawal of Vietnamese forces from Cambodia and the creation of a national reconciliation government under the leadership of Prince Sihanouk. All nations concerned with the future of Indochina have an obligation to facilitate such a development.

We have made it clear that we welcome developments on both sides of the Taiwan Straits that contribute to a relaxation of tensions and constructive interchange. Such developments are consistent with our long-standing interest in a peaceful

resolution of the Taiwan question. In the same spirit, we hope that the recent courageous and far-sighted proposals that have been made for creating a new climate on the Korean peninsula and for expanding North-South contacts will lead to positive steps toward national reconciliation. The leadership in Pyongyang has both the responsibility and the opportunity to help make the upcoming Olympic Games in Seoul a secure and contributing element to this process so much desired by all Koreans.

For all that is promising in contemporary international trends, we also see new and daunting security challenges. The development of diverse centers of scientific and industrial capacity around the world is leading to the proliferation -- from many sources -- of high-tech weaponry: advanced aircraft, missiles, chemical weapons. As we see in the Gulf war, less-developed countries fighting age-old battles on religious, ethnic or political grounds have ready access to such highly destructive armaments. And it is ironic that just as the major powers are making progress in getting their arms competition under some control, the developing world is increasingly burdened by this flow of advanced weaponry. The international community as a whole must find ways to staunch this arms traffic.

Finally, let me note China's leading role in economic reform among the developing, socialist countries. A decade ago, under Chairman Deng Xiaoping's leadership, China began a series of far-reaching reforms that have dramatically raised economic productivity and positioned the country to participate in the increasingly global trading system. By opening up her doors to commerce with the world, by decentralizing management of the economy, by sending students abroad, China has gained recognition as a country capable of world-class economic performance as we move into the twenty-first century. The impact of these policies is already evident in China's impressive economic growth -- on the average nearly ten percent per year over the past decade -- and in the rapid expansion of US-China trade.

The challenge we collectively face is to keep this global trading system as open as possible. For our part, we will resist protectionism at home, but we need the example of open markets in our trading partners to counter those who would restrict access to our domestic market. And we will do our best to keep flows of advanced technology abroad as unconstrained as possible, as reflected in the recent COCOM decision to further liberalize technology transfers to China.

Mr. Minister, let me make an observation as a reflection from my time as Secretary of State since 1982: our relationship keeps moving forward because of our willingness to find common ground by combining adherence to principle with practical efforts to resolve issues between us. This is the hallmark of a truly normal and productive relationship -- a legacy that my generation of leaders is proud to leave to the next.

In closing, let me convey to you, Mr. Minister, and to the leaders of China, the warm personal greetings of President Reagan and the good wishes of the American people. In that spirit, I now ask all to join me in a toast:

- To the health of Chairman Deng Xiaoping, President Yang Shangkun, General Secretary Zhao Ziyang, and Premier Li Peng;
- To the health of Foreign Minister Qian;
- To the continuing friendship and cooperation between our two countries;
- and to all those friends gathered here today who have made this relationship so strong and constructive;
- Ganbei!